

ORIGINAL

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 05-80779-CIV-HURLEY/JOHNSON

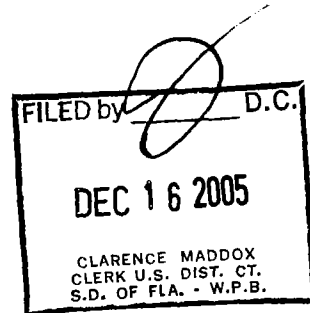
SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

PAR THREE FINANCIAL, INC. and  
MELVIN D. RUTH,

Defendants.



JUDGMENT AS TO DEFENDANT MELVIN D. RUTH

The Securities and Exchange Commission ("Commission") having filed a Complaint For Violations Of The Federal Securities Laws ("Complaint") and Defendant Melvin D. Ruth ("Ruth") having entered a general appearance; acknowledged service upon him of the Summons and Complaint in this action; admitted to the Court's jurisdiction over him and the subject matter of this action; consented to entry of this judgment ("Judgment") without admitting or denying the allegations of the Complaint (except as to personal and subject matter jurisdiction, which Ruth admits); waived the entry of findings of fact and conclusions of law; and waived any right to appeal from the entry of this Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Ruth and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are

22/RB

permanently restrained and enjoined from violating Section 5 of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. § 77e, by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- (b) Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for the delivery after sale; or
- (c) Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act, 15 U.S.C. § 77h.

**II.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Ruth and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are

permanently restrained and enjoined from violating Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) To employ any device, scheme, or artifice to defraud;
- (b) To obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (c) To engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

### III.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Ruth and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) To employ any device, scheme, or artifice to defraud;
- (b) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the

light of the circumstances under which they were made, not misleading; or

- (c) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

#### IV.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Ruth shall pay disgorgement of ill-gotten gains, prejudgment interest thereon, and a civil money penalty pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3). The Court shall determine the amounts of disgorgement, prejudgment interest, and civil money penalty upon motion of the Commission. Prejudgment interest shall be based upon the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). In connection with the Commission's motion for disgorgement and/or civil money penalty, and at any hearing held on such a motion: (a) Ruth will be precluded from arguing that he did not violate the federal securities laws as alleged in the Complaint; (b) Ruth may not challenge the validity of the Consent or the Judgment; (c) solely for the purposes of such a motion, the allegations of the Complaint shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission's motion for disgorgement and/or civil money penalty, the parties may take discovery, including discovery from appropriate non-parties.

**V.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Ruth shall comply with all of the undertakings and agreements set forth therein.

**VI.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Judgment.

**VII.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Ruth shall provide all documents in his possession, custody, or control to the Commission and disclose under oath all information with respect to his activities and the activities of others about which the Commission or its staff may inquire or request. Such production of documents and disclosures of information by Ruth shall be made upon reasonable notice in writing and without service of a subpoena and subject only to the good faith assertion of any privileges recognizable pursuant to the provisions of Rule 501 of the Federal Rules of Evidence or the United States Constitution and amendments thereto. Failure to comply with the foregoing shall subject Ruth to the sanctions set forth in Rule 37 of the Federal Rules of Civil Procedure and all other available remedies.

**VIII.**

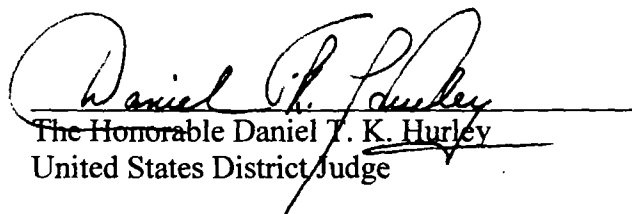
**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that, pending final disposition of this matter, except as otherwise ordered by this Court, all orders previously issued by this Court freezing monies and assets in the name of Ruth, for the benefit of Ruth,

or over which signature authority is held by Ruth, shall remain in full force and effect, with an allowance for necessary and reasonable living expenses for Ruth, but not attorney's fees, which are to be granted only upon good cause shown by motion to the Court with notice to and an opportunity for the Commission to be heard thereon.

IX.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Judgment forthwith and without further notice.

Dated: 12/19, 2005

  
The Honorable Daniel T. K. Hurley  
United States District Judge

• Copies provided to counsel of record